A practical guide from the ICAS monitoring team

The Well Run Practice

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Introduction

One of the Institute’s missions is to uphold standards in the public interest and the Institute’s Quality Assurance department, via the three monitoring teams, Quality Review, Audit Monitoring and Insolvency Monitoring, is responsible for ensuring that the appropriate professional standards are applied by firms and practitioners.

This guide is designed to identify key principles, which are considered to be:

1. Ethics
2. Statutory Requirements and Professional Standards
3. Client Acceptance and Disengagement
4. Competence
5. Quality Control and Engagement Performance
6. Monitoring
7. Leadership and Practice Management

This guide explains how each principle should be applied and also outlines:

- The appropriate quality standard that each firm should be able to demonstrate,
- Requirements, which are mandatory and must be applied,
- “Best practice” guidance, which firms and practitioners are encouraged to adopt in a way that suits the size and nature of their practice, and
- Links to the required reference texts and to help sheets and guidance.

Feedback from the monitoring teams will be given to the firm on each of the key practice standards and requirements and its policies and procedures during the monitoring visit.

This guide is not exhaustive but it is designed to help firms, and particularly smaller practices, in maintaining and enhancing their standards.
Principle 1: Ethics

A firm/practitioner should conduct practice work in an ethical manner, complying with the Institute's fundamental principles of integrity, objectivity, confidentiality, due care, and professional behaviour.

**Quality Standard:** all firms should be able to demonstrate awareness of and compliance with:

- The Institute’s Code of Ethics (COE)
- If registered to conduct audit work, the APB Ethical Standards and the Ethical Standard – Provisions Applicable to Smaller Entities (ES-PASE)
- If licensed as an Insolvency Practitioner, the Code of Ethics Part D

**Requirements: all practices**

- Client confidentiality is maintained (COE140).
- In marketing and promoting themselves, firms should not bring the profession into disrepute via exaggerated claims of services they can offer, the qualifications possessed or experience gained, nor make disparaging reference or unsubstantiated comparisons to the work of others (this includes advertisements, correspondence, website, brochures, press releases, newsletters etc.) and should be legal, decent, clear, honest and truthful and conform to the relevant advertising standards (i.e. British Code of Advertising) and not result in harassing potential clients. If reference is made in promotional material to fees, this should not be misleading and should not make reference to fees of another practice. A free consultation at which fees are discussed is allowed.
- There should be procedures to ensure that all potential ethical (e.g. fee dependence, financial interests, loans, contingent fees, significant overdue fees, close relationships, employment, gifts and hospitality) and conflict of interest (e.g. acting for two parties) considerations are identified, considered and documented prior to client acceptance and appropriate safeguards implemented including notification and consent with client/s; separate engagement teams; confidentiality agreements; “chinese walls”, secure filing etc. (COE 220) (see also Client Acceptance Principle 3).
- All potential ethical considerations arising during a client engagement should be considered immediately and appropriate action taken and documented.
- All potential conflicts of interest should be disclosed to the parties involved and appropriate action taken or safeguards implemented (if appropriate).
- Firms should make clear who they are acting for, and who they are not acting for, in the terms of engagement (e.g. acting for the company but not the individual directors, acting for husband and not wife).
- Fees: ensure the client is aware of the terms of the engagement (for example, in a client signed engagement letter), the basis of fee calculation, and that the fee levied is reasonable compared to the extent of work, experience of staff etc.
Additional requirements: Audit

• Due to the nature of audit appointments, auditors must be independent and follow the extensive requirements of the APB Ethical Standards.

• Audit firms with more than 3 principal Responsible Individuals, need to appoint an Ethics Partner to discharge the duties detailed in Ethical Standards 1-5.

• The level of fees for assurance services must be monitored to ensure that there are no self-review threats and the use of contingent fees should also comply with COE 240.

• Annual fit and proper declarations should be signed by all partners and audit staff.

• Annual independence declarations completed and signed by all partners and staff and considered by the Ethics Principal/ senior principal in the firm.

• Confidentiality declarations completed by all partners and staff (or in signed contract).

Additional requirements: DPB business

• The firm should comply with COE 240 regarding the receipt of commission or referral fees and regulation 4.14 of the DPB Handbook.

• Where the firm is referring a client to a third party, the firm should check the fitness and propriety of that third party; make the client aware of any limitation in knowledge; disclose any referral arrangement (e.g. fees, commission); ensure that the contractual arrangement does not override the need of the individual client. If there is a connection with the third party, the firm must disclose this to the client. See also other requirements in COE240-241 and the requirements in the DPB Handbook re PTP referrals.

Additional requirements: Insolvency

• The procedures for quantifying and agreeing fees in insolvency cases should follow the relevant legislation in addition to the guidance provided in SIP9.

• Due to the nature of insolvency appointments, insolvency practitioners must be independent and seen to be independent and insolvency practitioners must follow the Code of Ethics Part D.

• Annual fit and proper, independence and confidentiality declarations should be completed and signed by all partners and staff and considered by a senior principal in the firm.

Best Practice: all practices

• Annual fit and proper, independence and confidentiality declarations completed and signed by all partners and staff and considered by a senior principal in the firm.

• Copies of the relevant ethical text should be held by the firm and available to all partners and staff.

• Ethical text should be read by, or training provided to, all principals and staff.

• Have procedures in place to update websites, newsletters, brochures etc.
Reference Texts:


- APB Ethical Standards: available from the APB section of the FRC website – currently at http://www.frc.org.uk/apb/publications/ethical.cfm

- All insolvency legislation is available at www.legislation.gov.uk

- Personal Insolvency (Scotland) legislation is available on the Accountant in Bankruptcy website at www.aib.gov.uk

- All current SIPs are available at http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=6340

Other Guidance and Helpsheets:


- Technical Publication:

- Insolvency Monitoring Helpsheets: (members section): http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=7179

Principle 2: Statutory Requirements and Professional Standards

Each firm and practitioner should be aware of, and comply with, the relevant legal, statutory and professional standards requirements.

Quality Standard: each firm should be able to demonstrate awareness of, and compliance with, all legal and regulatory requirements, including but not limited to:

- The Institute’s Rules; Clients’ Money Regulations and Public Practice Regulations.
- Audit: the Audit Regulations, the International Standards on Auditing (ISAs and clarity ISAs), the various APB publications (Practice Notes, Bulletins, ISQC1, IES8 etc.), and the Companies Act 2006.
- Accounts and financial reporting: the applicable financial reporting and accounts requirements (e.g. UK GAAP, FRSE, UITFs, SORPs, IFRSs).
- Taxation: the applicable tax legislation.
- Insolvency: All Insolvency Legislation (Acts and Rules etc), the Insolvency Byelaws, Guidance Notes issued by the Accountant in Bankruptcy, Statements of Insolvency Practice (SIPs), Dear IP, ICAS Insolvency Monitoring Helpsheets and Insolvency Guidance Papers.
- Corporate finance: various legislation as listed in Appendices 1-3 to Section 221 of COE.
- For firms involved in client work for specialist sectors, various legislation and requirements e.g. charities, pension schemes, LLPs etc.
- The Data Protection Act and associated information security requirements.
- The Provision of Services Regulations 2009.
- Any other statutory, legal or professional requirements relevant to the client engagement.
- Any other statutory, legal or professional requirement to the firm (e.g. health & safety).

* The above standard does not list all relevant rules and regulations but does list some of the main requirements.

Requirements:

- All principals of the firm who are Members must have a Practising Certificate (PC).
- All firms must have the appropriate level of Professional Indemnity Insurance (PII) cover and evidenced this with ICAS.
• No client’s money or assets should be held without the client’s permission unless permitted by law, and all clients monies held must comply with the Clients Money Regulations 2002.

• Each firm conducting audit work must be audit registered, appoint an Audit Compliance Principal and comply with the Audit Regulations.

• Each firm conducting restricted DPB activities must be DPB licensed, appoint a DPB Compliance Principal and comply with the DPB Handbook.

• Each individual who undertakes insolvency appointments must have an Insolvency Permit issued by the Institute, or an insolvency licence issued by another Recognised Professional Body, and comply with the Insolvency Byelaws, and Statements of Insolvency Practice (SIP).

• In addition to the Institute’s Client Money Regulations, insolvency funds must be held in accordance with SIP11.

• Checklists or other documentation should be used to provide evidence of the consideration of the key legal and professional standard requirements on each client engagement.

• A Money Laundering Reporting Officer (MLRO) (unless a sole practitioner with no staff, in which case the practitioner is responsible) must be appointed and anti-money laundering procedures implemented.

• The firm needs to consider whether it requires to be registered under the Data Protection Act.

• The firm needs to comply with the Provision of Service Regulations 2009 (EU Services Directive).

Best practice:

• The firm should have available copies of relevant legislation, regulations, byelaws, and guidance – subscription to an email alert or up-date service is also recommended. All of these should be made available to all partners and technical staff (e.g. email distribution).

• Copies of relevant trust deeds, memorandum and articles, and other governing documents should be retained on client files.

• Copies of key legal contracts and documents should be retained on clients’ files.

• Principals and staff should read and/or receive training on important legislation and professional standard requirements.

• Accounts disclosure checklists/templates/software should be used.

• Insolvency files (including Sederunt Book, where applicable) are structured to evidence case administration as required.
Reference Texts:

- The Institute’s rules: [http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=3058](http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=3058)
- The Insolvency Permit Byelaws: [http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=4228](http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=4228)
- For all APB Publications (ISAs, Practice Notes etc.): [http://www.frc.org.uk/apb/publications/](http://www.frc.org.uk/apb/publications/)
- For ASB Publications, including the FRSSE and UK FRS: [http://www.frc.org.uk/asb/publications/](http://www.frc.org.uk/asb/publications/)
Other Guidance and Helpsheets:

- Practice Helpsheets:
  - Information Security Helpsheets for practitioners: contact Ken McManus at 0131 347 0246 or email kmcmanus@icas.org.uk (include name of contact, email and telephone number)

- To learn about becoming audit registered see [http://www.icas.org.uk/site/cms/contentviewarticle.asp](http://www.icas.org.uk/site/cms/contentviewarticle.asp)
- To learn about becoming DPB licensed see [http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=5423](http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=5423)
- To learn about obtaining an ICAS Insolvency Permit see [http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=7168](http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=7168)
Principle 3: Client Acceptance and Disengagement

When accepting a client relationship a firm/practitioner should consider whether acceptance would create any threats to compliance with the fundamental principles. When ceasing to act for a client, a firm/practitioner should agree disengagement terms.

Quality Standard:
- Acceptance: All firms/insolvency practitioners in accepting and continuing a client/insolvency appointment should be able to demonstrate that:
  - they only accept and continue to take appointments that they have the competence and resources to perform;
  - there are no threats to independence, integrity or objectivity;
  - all risks attached to the appointments have been assessed, and money laundering procedures adopted; and
  - the terms of appointments have been agreed with the clients (non insolvency).
- Disengagement (non insolvency): firms should ensure that the terms of disengagement are agreed with the client, that the firm cooperates with incoming advisers, ensures that a lien is only applied where appropriate, and discharge any legal or regulatory requirements.
- Disengagement (insolvency): practitioners should ensure that all statutory and relevant closing procedures are complied with to ensure that all the responsibilities under the appointments have been fully discharged and there are no legal liabilities remaining.

Requirements:

Acceptance and continuance:
- Anti-money laundering procedures as per Principle 2, including new client identification procedures.
- For audit firms, client appointment/re-appointment procedures as per Audit Regulation 3.03. Engagement letters should be issued in accordance with International Standard on Auditing (ISA) 210.
- Taxation: obtain the client’s authority to act as the client’s agent with the tax authorities.
- The client signs the necessary authorisations (e.g. bank authority, tax 64-8).
Firms conducting “second opinion” work should contact the client and existing adviser to ascertain the circumstances of the consultation and the facts. A lack of permission to contact the existing accountant should be considered carefully in ascertaining whether to accept the appointment.

For insolvency appointments, practitioners need to ensure that the relevant documentation has been received/prepared and appropriately authorised for each appointment. For Court appointments this will be in the form of an Interlocutor and for non court appointments will be in the form of Resolutions, Deeds of Appointment or Minutes of Meetings etc.

Disengagement:

For audit firms, follow the Companies Act 2006 and Audit Regulations 3.08 re cessation of audits and 3.09 re provision of information to successor auditors.

For insolvency practitioners, follow the Insolvency Act 1986 or other relevant legislation or guidance and take resolutions as appropriate for the destruction of records while retaining a Sederunt Book, where applicable, and other records as required by statute, i.e. PAYE, NIC and VAT etc.

Pass all client records back to client, or transfer records in a timely manner to incoming adviser, unless there is a legal entitlement to a lien.

Ensure that lien requirements are not breached i.e. no statutory books, only held over specific client entity where fees are overdue and the records over which the late fees relate (legal advice may be necessary before exercising a lien).

Best Practice:

Acceptance and Continuance:

Documented client/appointment acceptance procedures (preferably via completion of a checklist), including consideration of:

- integrity, objectivity and independence;
- the firm’s competence to conduct the engagement;
- any client/case risks that require to be considered/safeguarded; and
- for firms with >1 principal, additional approval by other principals for higher risk clients.

Communicate with the existing accountant/adviser following obtaining permission from the client (non insolvency).

For insolvency carry out all statutory appointment procedures and communicate with debtors and former directors.

Issuing up to date terms of engagement (preferably via engagement letters) covering all service areas, and signed by the client to evidence agreement of the terms, and filed (if client does not sign following attempts to agree, send a letter indicating approval assumed) (non audit).
• Complaint procedures, fee charging arrangements and money laundering obligations clear on terms of engagement.

• Know Your Client information documented for each new client and kept up to date.

• Copies of client’s key documentation obtained and placed on Permanent File.

• Regular review of engagement letters and updated where changes to terms or legislative requirements.

• Client/case details entered onto the appropriate office systems (e.g. time records, return tax return register, planning schedules etc).

**Disengagement:**

• Answer promptly any communications from potential successor firms about the client affairs (following permission from the client, except for audit firms where there is a statutory obligation) and confirm whether there are any matters that the successor ought to know or confirm that there are none (non insolvency).

• For insolvency, follow appropriate closing procedures as required under the legislation or any relevant guidance.

• Issue a disengagement letter (or as a minimum, document agreed terms of disengagement on file).

• Respond promptly to and cooperate with enquiries from incoming advisers.

**Reference texts:**

• See Principles 1 and 2 above for relevant texts.

• For guidance on anti money laundering for audit clients APB Practice Note 12 - currently at [www.frc.org.uk/apb](http://www.frc.org.uk/apb).

• For guidance on anti money laundering for insolvency practitioners see the members section of the R3 website at [www.r3.org.uk](http://www.r3.org.uk).
Other Guidance and Helpsheets:

- Practice Helpsheets:
  - “Ethical matters for consideration in relation to engagement and disengagement”

- Technical Publication:
**Principle 4: Competence**

A firm/practitioner should ensure that all principals, staff, subcontractors and consultants have the necessary competence to carry out their work.

**Quality Standard:**
- The firm should have policies and procedures in place to ensure competence, including:
  - Recruitment;
  - Continuing Professional Development (CPD), including training;
  - Work experience;
  - Coaching, review and supervision by more experienced staff/principals;
  - Performance appraisal;
  - Career development, promotion and compensation; and
  - Assignment of principals/staff with the necessary capabilities, competence and time to engagements.
- The firm should also ensure that it has an up to date technical library (hard copy or electronic) of technical publications and available information sources.

**Requirements:**

**CPD:**
- All qualified accountants must comply with the CPD requirements of their member body. ICAS members must maintain output based CPD training plans and records (preferably using ICAS template/format), unless the firm is an ICAS Accredited Employer, in which case the employer should maintain control of CPD of each individual in the firm.
- Audit firms: the firm must comply with Audit Regulation 3.17 (Individual Competence) and ISQC1 and the firm must have appropriate procedures for all areas. Audit Firms also require to comply with the requirements of International Education Standard 8 (IES8). The CPD of audit subcontractors and consultants must be obtained.
- Insolvency: practitioners must satisfy the requirements as set out in the Insolvency Act 1986 and in the Insolvency Practitioner Regulations 2005.
- DPB firms conducting DPB activities: the firm must have a clear understanding of the DPB Handbook requirements and must only conduct services it is competent to perform.
Best Practice:

Recruitment:
• CV and interview process.
• At least two references from previous employers taken up.
• Standard application forms are useful.
• Issue a formal contract of employment, and ensure signed by the new employee.
• A formal job description agreed with the new employee is useful.
• Probationary period advisable for new staff and a formal review at the end of this period.
• Setting performance appraisal objectives early on in employment and annually is advisable.
• An induction programme (including firm’s procedures, ethics, money laundering) is advisable.
• Immediate completion of confidentiality, fit and proper, and independence declarations (mandatory for audit firms) and maintain in a restricted access HR file.
• Issue a staff handbook/HR procedures, where the size of the firm warrants it.
• Formal signed subcontractor and consultant agreements and those individuals to be included in the required annual declarations (mentioned above).

Client/case assignment:
• Firms should have work allocation procedures to ensure that work is allocated to staff with the appropriate ability, experience and taking account of their training and development needs.

CPD:
• Firms to ensure that CPD and training records maintained for all principals and staff and that they are compliant. Firms to ensure that training is appropriate and meets the types of clients/cases/activities and is sufficient to maintain competence.
• Training requirements to be identified during performance appraisal process and fed into each individuals’ training programmes.
• Confirmation of CPD/CPD records to be obtained from subcontractor and consultant staff.
• Provide feedback on courses.

Work experience, Performance appraisal process, Career development
• Set performance objectives.
• Where appropriate, have mentoring procedures (e.g. junior staff mentored by senior staff, new partners mentored by existing partners).
• Quality control review of staff’s work.

• Regular performance appraisal process (at least annually, but preferably more frequently e.g. six month interim and then year-end appraisal).

• Review and feedback on individual engagement performance.

• Identify training and development needs as part of the above processes and feed into CPD process.

• The firm should also ensure that:
  - it has an up to date technical library (hard copy or electronic) of technical publications and available information sources;
  - there are consultation procedures; and
  - second principal review procedures in place, where required, for riskier or more complex engagements.

Reference texts:

• For information on ICAS CPD requirements and forms, refer to the CPD section of the website [http://www.icas.org.uk/site/cms/contentChapterView.asp?chapter=78](http://www.icas.org.uk/site/cms/contentChapterView.asp?chapter=78)


• For insolvency training and experience:

Other Guidance and Helpsheets:

• IES8 Guidance: [http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=5559#Documents](http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=5559#Documents)

• If you firm is interested in becoming an ICAS Accredited Employer for CPD, refer to: [http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=4663](http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=4663) for more information.
Principle 5: Quality Control and Engagement Performance

A firm/practitioner should ensure that there is appropriate quality control and review over client/case engagements

**Quality Standard:**
- A firm should have the following quality control and review procedures to ensure that
  - all client/case engagement work is adequately recorded and conducted;
  - there is appropriate supervision and review;
  - appropriate quality controls are implemented.

**Requirements:**
- Reserved areas: Audit work should comply with the Audit Regulations; insolvency work with the Insolvency Legislation, Statements of Insolvency Practice (SIPS) and other relevant Guidance; DPB work with the DPB Regulations.

**Best Practice:**

**Quality control procedures**
- Appropriate practice manual or guidance issued to staff.
- Control over filing deadlines, deliverables to/from client/ and to/from the relevant authorities, including informing client of key deadlines.
- Management of workflow and resource planning to ensure that there are the resources, allocation of appropriate staff and time to conduct and to minimise the risk of unreasonable time pressures.
- Control over client records receipt and delivery.
- Appropriate assignment planning.
- All client/case engagement work and advice recorded.
- All work programmes completed and documented on file.
- For accounts preparation: follow the ICAS Accounting Framework.
- For tax return work: follow ICAS Tax Framework.
- For payroll work: obtain written authorisation for personnel and payroll changes (e.g. pay rates, tax codes etc.) and obtain client authorisation prior to the payment of payroll cheques, BACS, payments for tax.
Clearly identify the basis of estimates and assumptions for management accounts, business plans and other such engagements. Ensure appropriate disclaimers are included and that internal documents are marked “for internal use only”.

Copies of notes, correspondence, meetings and telephone calls and emails.

Supervision and review procedures, including documented review points and review point clearance.

Ensure that there are adequate controls over the work of consultants and subcontractors.

Second principal or other similar hot file review procedures for higher risk work.

Controls over ongoing communications, including letters and e-mails, and who is authorised to give advice.

Staff made aware of policy re giving unauthorised advice to client.

Secure filing, file structures and indexing and file retention and destruction policy (files to be retained for six years).

Cross referencing from returns (including tax returns) and accounts to back up documentation.

Copies of final accounts and returns (including tax returns) with client approval on file (approval prior to electronic submissions).

Appropriate consultation procedures, with consultation appropriately documented on the engagement file.

Appropriate professional scepticism exercised over professional opinion work including verification to reliable information (e.g. mortgage applications).

Use a secure method of data transfer if work is outsourced to another firm and inform clients if work is going to be outsourced.

Have a system for archiving files that ensures they are easy to retrieve.

**IT:**

Regular backups to secure fireproof storage or outside location.

Virus protection and firewalls.

Appropriate information security procedures followed.

Confidential and personal information securely stored and transmitted.

**Reference texts:**

- ICAS Accounting Framework [http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=6758]
Other Guidance and Helpsheets:

- Practice Helpsheets:
  - Information Security Helpsheets for practitioners (produced in conjunction with the IAAITC): contact Ken McManus at 0131 347 0246 or email kmcmanus@icas.org.uk (include name of contact, email and telephone number)
Principle 6: Monitoring

A firm/practitioner should ensure that it conducts ongoing monitoring over its standards of compliance.

**Quality Standard:**
- The firm should conduct an annual compliance review over areas where legislation or professional standards require it.
- Firms are also advised to regularly review other non regulatory areas.

**Requirements:**
- An annual Money Laundering Compliance Review (the money laundering regulations only state “periodic” but this interpreted by ICAS as at least annually).
- An annual Clients’ Money Compliance Review (if account operated).
- An annual DPB Compliance Review (if so licensed).
- For audit firms: an annual Audit Compliance Review, consisting of a whole firm review and cold file reviews.
- For insolvency: ongoing Compliance Review to cover all statutory deadlines and to ensure that procedures are updated to take account of new legislation and guidance.

**Best Practice:**
- Review over other practice activities.
- IT: conduct an annual compliance review of security and other IT procedures (recommended by IAAITC).

**Reference texts:**
- Refer to Principle 2 for the required texts.

**Other Guidance and Helpsheets:**
- Contact Member Services directly for Audit Compliance Review and Cold File Review checklists on 0131 347 0249.
- Information Security Helpsheets for practitioners (produced in conjunction with the IAAITC): contact Ken McManus at 0131 347 0246 or email kmcmanus@icas.org.uk (include name of contact, email and telephone number).
 Principle 7: Leadership and Practice Management

The firm/practitioner should establish policies and procedures designed to promote an internal culture based on the recognition that quality is essential and should require the firm's principals and/or management board to assume ultimate responsibility for the firm's systems of quality control.

**Quality Standard:**

- A firm should have appropriate policies and procedures to ensure that:
  - It communicates effectively with clients, ICAS, tax authorities, and other regulators.
  - It deals effectively with complaints notified from clients, ICAS or any other regulator or interested party.
  - It controls effectively the finance and other administrative areas of the practice.
  - It records and controls the funds for each insolvency case to satisfy its fiduciary function.

**Requirements:**

- All member principals must complete their Annual Application for Practising Certificate in a timely manner.
- Firms are required to notify ICAS of changes in a timely manner (for audit firms this is within ten business days of the change).
- Firms are required to complete and submit the Firms’ Annual Return in a timely manner.
- Insolvency practitioners must complete and submit their Annual Application for Practising Certificate and Insolvency Permit in a timely manner.
- All audit registered and DPB licensed firms must ensure that non ICAS member principals (that are not also a member of another RSB) must apply for Regulated Non Member status with ICAS.
- All practising entities of the firm must be notified to ICAS.
- Firms must conduct a review of adequacy of PII cover annually with insurance brokers and submit PII returns to ICAS on time.
- There should be an internal complaints procedure to effectively deal with potential PII claims and notifications, complaints from clients, fee disputes (see also COE 240), complaints notified by ICAS or any other regulator (it is advised that the assessment of complaints is fully documented on a complaints/PII file).
- Alternate arrangements should be in place when the firm/practitioner hold clients monies (includes insolvency practitioners).
### Best Practice:

- The firm’s engagement letters should clearly set out the firm’s complaint handling procedures.
- Issue fee protection insurance engagement letters to ensure that clients are aware that if the insurance does not cover, that the client is liable for the fees.
- Exercise appropriate control over incoming cash and incoming post.
- Maintain the premises to uphold a professional image and provide a safe and effective working environment for staff.
- Ensure appropriate controls over work in progress to ensure that clients/cases are billed in a timely manner.
- Appropriate credit control procedures to follow up on unpaid invoices. Unpaid debts linked into client acceptance procedures.
- Succession planning for principals and key staff and contingency arrangements to deal with absences.
- A contingency plan in case of disaster (e.g. fire, flood etc).
- For sole practitioners, contractual arrangements in place for an alternate.
- Firms that meet the CA designation requirements can also use the legend “Quality Reviewed by ICAS”.

### Reference texts:

See text references in Principle 2

### Other Guidance and Helpsheets:

- Information Security Helpsheets for practitioners: contact Ken McManus at 0131 347 0246 or email kmcmanus@icas.org.uk
# Appendix : Glossary of Terms

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<td>The International Association of Accountants Innovation &amp; Technology Consultants (IAAITC)</td>
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<tr>
<td>IES8</td>
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<td>LLP</td>
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<td>R3 – The Association of Business Recovery Professionals</td>
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<td>APB Urgent Issues Task Force Bulletin</td>
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